

## **The complaint**

Mr S, who is represented by a third party, complains that Close Brothers Limited ('Close Brothers'), trading as Close Brothers Motor Finance, irresponsibly granted him a conditional sale agreement he couldn't afford to repay.

## **What happened**

In September 2021, Mr S acquired a used car financed by a conditional sale agreement from Close Brothers. Mr S was required to make 60 monthly repayments of £388.88, having paid a deposit of £2,000. The total repayable under the agreement was £17,950.

The agreement was repaid in full in November 2022.

Mr S says that Close Brothers didn't complete adequate affordability checks. He says if it had, it would have seen the agreement wasn't affordable. Close Brothers didn't agree. It said that it carried out a thorough assessment which included using a credit search and applying affordability criteria.

Our investigator didn't recommend the complaint be upheld. She thought Close Brothers could have done more checks, but ultimately even then she thought the agreement was likely to be affordable.

As Mr S doesn't agree with our investigator's findings, the complaint has been passed to me for a final decision.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr S's complaint.

I'd like to reassure Mr S and those representing him that I've looked at the complaint afresh and independently reviewed all the available information, including the information provided by Mr S in response to our investigator's view. Having done so, I am not upholding Mr S's complaint for broadly the same reasons as our investigator. I'll explain why.

Before granting the finance, Close Brothers took steps to assess Mr S's ability to repay. It says it verified Mr S's declared net monthly income of £4,000 on the basis that it was consistent with his area of self-employed work.

Close Brothers also looked at the credit Mr S owed at the time. It didn't see any recent concerns from his credit file, such as missed payments or accounts going into default. Close Brothers could see that he was paying around £1,200 each month in connection with three mortgages and was running a credit card on which he owed around £560. The mortgages were all paid up to date. I would add here that given what Mr S told Close

Brothers about his work, it could be gathered that the mortgages were not all in relation to his own home. But given that on his application Mr S said he owed £250 in credit commitments and was paying £1,000 for his mortgage, the figures were more or less consistent.

Close Brothers also relied on what Mr S told them about having to find £250 in non-credit commitments each month plus a further £200 for other expenses. All of this took his total expenditure up to £1,700. Whilst that looked to be affordable based on his declared monthly income, I agree that Close Brothers ought to have done more to verify Mr S's income, especially given his self-employed status. I say that because it needed to be assured that Mr S would be able to sustainably repay the new borrowing. Close Brothers could have done this by gathering more detail about his income as well as his wider financial circumstances before deciding to agree the lending.

I can't be certain what Mr S would have told Close Brothers had it asked about his regular expenditure. I don't think Close Brothers needed to request bank statements, but in the absence of anything else, I've relied on the information contained in the bank statements that were provided to our investigator. I see they come from three different accounts. Having looked through these, I'm in broad agreement with our investigator that Mr S was receiving an average monthly income of somewhere between £3,600 and £3,900. His regular spending on essential household costs looked to be around £2,700. So, he would be left with at least £900 and as much as £1,200 each month by way of disposable income.

Overall, Mr S seemed to be managing his income and outgoings well. I can see there are quite a few items of income and spending that might well have prompted further enquiry by Close Brothers. That seems to be at least in part because a lot of the transactions were connected with Mr S's business. Mr S says that the spending shown on these accounts has to be deducted from the income as it represents business expenses. But unfortunately, there is no clear indication of what Mr S's personal monthly costs were, as distinct from his business costs. So, without having further details about this, I think it's reasonable to rely on the approach used by our investigator as to how much disposable income he was likely to have to hand each month.

Ultimately, I have to look at the complaint on the basis of what Close Brothers would have found from its checks, or what it would have been likely to have seen had it carried out better checks, looking into his income and gaining a better idea of what he was having to spend his income on each month. Based on what I've seen, I think better checks would still have been likely to show that Mr S had sufficient disposable income to be able to afford the new agreement and repay it sustainably. And even if I were to make allowance for some additional expenditure each month that meant Mr S had less than the £2,300 in disposable income he indicated he had in his application, I still think Close Brothers would have thought that Mr S was likely to be left with enough for the agreement to be affordable.

For these reasons, I don't think Close Brothers acted unfairly when approving the finance application and I therefore won't be upholding this complaint. I realise this will come as a disappointment to Mr S.

I've considered whether the relationship between Mr S and Close Brothers might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Close Brothers lent irresponsibly to Mr S or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 28 October 2025.

Michael Goldberg

**Ombudsman**